CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 8, 1998

H.R. 3267

Sonny Bono Memorial Salton Sea Reclamation Act

As ordered reported by the House Committee on Resources on May 19, 1998

SUMMARY

H.R. 3267 would direct the Secretary of the Interior to study wildlife in and around the Salton Sea and undertake a project for reclaiming the sea. It would authorize the appropriation of $377.5 million to carry out those requirements and such sums as necessary for the federal share of operating and maintaining the project after it is completed.

The bill also would rename the Salton Sea National Wildlife Refuge as the Sonny Bono Salton Sea National Wildlife Refuge. Finally, the bill would direct the secretary to research and implement actions for treating irrigation drainage water that flows into the Alamo River and the New River in Imperial County, California, and would authorize the appropriation of $3 million for that purpose.

CBO estimates that implementing H.R. 3267 would result in additional outlays of $94 million over the 1999-2003 period, assuming the appropriation of the amounts authorized by the bill. The remaining amounts authorized by the bill would be spent after 2003. Enacting the bill would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act .

The Salton Sea is an inland body of water in California that was created in 1905 by a breach in a levee along the Colorado River. Increasing salinity in the Salton Sea is harmful to wildlife and is reducing the sea's usefulness for recreation and other purposes. The Alamo and New Rivers flow into and contribute to the salinity and contamination of the Salton Sea.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO estimates that implementing H.R. 3267 would result in new spending subject to appropriation of $11 million in 1999, $12 million in 2000, $5 million in 2001, $25 million in 2002, and $41 million in 2003. New spending would total $290 million over the 2004-2010 period and about $6 million annually thereafter. In 1998, about $8 million was appropriated to the Bureau of Reclamation, the Environmental Protection Agency, and the Fish and Wildlife Service for studying the Salton Sea and for operating the Salton Sea National Wildlife Refuge. The estimated budgetary impact of H.R. 3267 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars					
	1998	1999	2000	2001	2002	2003
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Budget Authority [a]	8	0	0	0	0	0
Estimated Outlays	3	4	1	0	0	0
Proposed Changes						
Estimated Authorization Level	0	17	14	0	35	53
Estimated Outlays	0	11	12	5	25	41
Spending Under H.R. 3267						
Estimated Authorization Level [a]	8	17	14	0	35	53
Estimated Outlays	3	15	13	5	25	41

a. The 1998 level is the amount appropriated in that year for studying the Salton Sea and operating the Salton Sea National Wildlife Refuge.

BASIS OF ESTIMATE

For purposes of this estimate, CBO assumes that the bill will be enacted by the beginning of fiscal year 1999 and that the estimated amounts necessary to implement the bill will be appropriated each year. Outlays are estimated based on historical rates of spending for the types of activities authorized by the bill.

Salton Sea. The bill would authorize $22.5 million for undertaking feasibility studies and environmental activities, $5 million for studying wildlife, and $350 million for constructing a project to reclaim the sea.

Based on information provided by the Bureau of Reclamation, CBO expects that studies of project feasibility and wildlife would be completed by the end of fiscal year 2000, that a reclamation plan would be approved and a cost-sharing agreement would be completed in 2001, that construction would begin in 2002, and that the project would be completed by 2010. (The Bureau of Reclamation has indicated that it would take at least five years and up to ten years to complete the project.) Amounts of annual budget authority needed to meet this schedule were estimated by CBO based on information provided by the Bureau of Reclamation.

The bill would require the secretary to undertake the feasibility study in accordance with and immediately after completing a memorandum of understanding with the Salton Sea Authority and the governor of California. The agreement would establish criteria for evaluating and selecting options for reclaiming the Salton Sea. Within 18 months after beginning the study, the secretary would be required to report findings and recommendations to the Congress and to complete all compliance and permitting activities. The secretary would begin constructing the project after Congressional approval of the reclamation plan and completion of a cost-sharing agreement with the Salton Sea Authority and the governor of California.

The annual cost of operating and maintaining the project would be shared by the secretary and nonfederal entities. Based on information provided by the Bureau of Reclamation and nonfederal sponsors, CBO estimates that the federal share would equal 50 percent and that, when the project is complete, total operating and maintenance costs (federal and nonfederal) would range between $2 million and $20 million a year. Actual operating and maintenance expenses will depend on the project selected, but CBO estimates that the federal share of the total cost of operating and maintaining the completed project would likely be about $6 million a year beginning in 2010.

CBO estimates that renaming the Salton Sea National Wildlife Refuge the Sonny Bono Salton Sea National Wildlife Refuge would have no significant budgetary impact.

Alamo River and New River. The bill would authorize the appropriation of $3 million for conducting studies and for treating irrigation and drainage water that flows into the Alamo and New Rivers. Assuming appropriation of the authorized amount, we estimate that $3 million would be spent over the 1999-2001 period. Nonfederal entities would assume all right, title, and interest to as well as responsibility for operating and maintaining any equipment or property acquired by the secretary for treating water within one year after a system is in place.

PAY-AS-YOU-GO CONSIDERATIONS: None.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 3267 contains no intergovernmental mandates as defined in UMRA. State and local governments would be expected to share in the cost of this project, including the costs of construction and operations and maintenance, but their participation would be voluntary. Construction could not begin until the state and local participants reach an agreement with the secretary regarding the sharing of costs. The bill would require that the nonfederal share of construction costs equal at least 50 percent. The cost-sharing formula for operations and maintenance costs would negotiated among the participants.

The amount expended by state and local participants would depend on the design of the project and the cost-sharing formula for costs of operations and maintenance. If construction costs are consistent with the level of federal appropriations authorized by this bill, the state and local share would be $350 million–equal to federal spending. Further, assuming that the nonfederal share of operations and maintenance costs would be no more than 50 percent, CBO expects that participating state and local governments would spend no more than $10 million per year once the project is complete.

Title II would direct the secretary to create systems to improve the quality of water in the Alamo and New Rivers. The secretary could acquire the necessary equipment and property to create such systems only if the state of California, a political subdivision of that state, or a nonprofit group agrees to accept title to and assume responsibility for operating and maintaining that equipment or property.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

This bill would impose no new private-sector mandates as defined in UMRA.

ESTIMATE PREPARED BY:

Federal Costs: Gary Brown
Impact on State, Local, and Tribal Governments: Marjorie Miller

ESTIMATE APPROVED BY:

Paul N. Van de Water
Assistant Director for Budget Analysis